

# **CASH MANAGEMENT POLICY BOARD**

Statutory Authority: 29 Delaware Code, Sections 2716, 8017A; 30 Delaware Code, Section 5423  
(29 Del.C. §§2716 & 8017A; 30 Del.C. §5423)

## **PROPOSED**

### **PUBLIC NOTICE**

#### **Objectives and Guidelines for the Investment of State of Delaware Funds Designated as the Delaware Land and Water Conservation Trust Fund**

#### **NATURE OF PROCEEDINGS; SYNOPSIS OF THE SUBJECT AND SUBSTANCE OF THE PROPOSED REGULATION**

In accordance with procedures set forth in 29 Del.C., Ch. 11, Subch. III and 29 Del.C., Ch. 101, the Cash Management Policy Board of the State of Delaware is proposing to adopt a regulation on objectives and guidelines for the investment of State funds designated as the Delaware Land and Water Conservation Trust Fund as described in 29 Del.C. §2716. The proposed regulation sets forth the rules governing practices for those investments.

#### **STATUTORY BASIS AND LEGAL AUTHORITY TO ACT**

29 Delaware Code, §2716, 29 Delaware Code §5423, and 30 Delaware Code §8017A.

#### **OTHER REGULATIONS AFFECTED**

None.

#### **HOW TO COMMENT ON THE PROPOSED REGULATION**

Members of the public may receive a copy of the proposed regulation at no charge by United States Mail by writing or calling Ms. Angela Moffett-Batty, Secretary, Delaware Department of Finance, Carvel State Building, 820 North French Street, Wilmington, Delaware 19899-8763, phone (302) 577-8522, or facsimile at (302) 577-8565. Members of the public may present written comments on the proposed regulation by submitting such written comments to Ms. Moffett-Batty at the address of the Delaware Department of Finance as set forth above. Written comments must be received on or before December 31, 2014.

#### **SUMMARY OF PROPOSED REGULATION**

The Cash Management Policy Board (hereinafter the "Board") was created by 63 Del. Laws, c. 142, to establish policies (a) for the investment of all money belonging to the State or on deposit from its political subdivisions, except money deposited in any State Pension Fund or the State Deferred Compensation Program, and (b) to determine the terms, conditions, and other matters relating to those investments including the designation of permissible investments. (29 Del.C. §2716(a)). This regulation was adopted by the Board on November 5, 2014.

#### **Objectives and Guidelines for the Investment of State of Delaware Funds Designated as the Delaware Land and Water Conservation Trust Fund**

##### **1.0 Statutory Authorization**

- 1.1 The Cash Management Policy Board (hereinafter the "Board") was created by 63 Del. Laws, c. 142, to establish policies (a) for the investment of all money belonging to the State or on deposit from its political subdivisions, except money deposited in any State Pension Fund or the State Deferred Compensation Program, and (b) to determine the terms, conditions, and other matters relating to those investments including the designation of permissible investments. (29 Del.C. §2716(a)).
- 1.2 The Delaware Land and Water Conservation Trust Fund was created under the 30 Del.C. §5423, including an endowment account (the "Endowment") to be invested in a manner consistent with investment guidelines as approved by the Cash Management Policy Board (the "Board").

##### **2.0 Investment Managers**

- 2.1 The Endowment will be invested by three Investment Managers selected by the Board, each of which Investment Managers will invest an equal share of the Endowment employing the same investment guidelines.
- 2.2 The spending policy and the Endowment shall be invested subject to guidelines as set forth in the Uniform Prudent Management of Institutional Funds Act ("UPMIFA").

- 2.3 The Investment Managers will be provided with general guidelines and will be given the latitude to invest prudently within the ranges established by the guidelines based upon their respective judgment.
- 2.4 Each of the Investment Managers will possess expertise in Asset Allocation, Equity Investments, Fixed Income Investments and Alternative Investments.

### **3.0 Investment Philosophy**

- 3.1 The investment perspective of this Endowment is long-term.
- 3.2 The Investment Managers selected will receive three-year contracts so the Board can review results over a reasonable period of time.
  - 3.2.1 Results will be reported quarterly to the Board and yearly review meetings will be expected at a minimum.
  - 3.2.2 A Consultant to the Board will also receive investment results monthly and will advise the Board should there be extreme volatility or investment results that the consultant deems worthy of notification to the Board.

### **4.0 Asset Allocation Guidelines**

- 4.1 The “target” amount of funds allocated to each Investment Manager to be invested in equities shall be sixty percent (60%) of total funds so allocated, within a range of forty-five to seventy-five percent (45-75%) of total funds. International equities are limited to thirty-five percent (35%) of the total funds invested in equities.
- 4.2 The “target” amount of funds allocated to each Investment Manager to be invested in a combination of fixed income securities, alternative investments, and cash shall be forty percent (40%) of total funds so allocated, within a range of twenty-five to fifty-five percent (25-55%) of total funds. At least five percent (5%) of total funds shall be held in cash at all times.
- 4.3 The managers will be provided asset allocation guidelines with wide ranges so that they are able to express their specific market views. Individual securities, exchange-traded funds, mutual funds, separately-managed accounts, limited partnerships are all acceptable investment vehicles as “alternative investments.” This list is not intended to be exhaustive.

**18 DE Reg. 416 (12/01/14) (Prop.)**